

MINUTES OF MEETING

These minutes have not been reviewed or approved by the RISLA Board of Directors. These minutes are being posted in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.

The 301st meeting of the Rhode Island Student Loan Authority was held on Friday, February 22, 2013 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony Santoro
Dr. William Croasdale
Mr. John Howell
Ms. Patricia Doyle
Mr. Chris Feisthamel, Designee of the General Treasurer

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Sol Solomon
Mr. William Golas
Mr. Bruce Borowsky
Mr. Joseph Palumbo

The meeting was called to order by Dr. Santoro at 8:30 a.m. Ms. Doyle was not present at the start of the meeting and joined the meeting at 9:00 AM.

Upon a motion made by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED to approve the minutes from the Board of Directors meeting held on December 14, 2012.

Bond Issue Update and Action Item #6 – Revised Bond Resolution

Mr. Kelley began by reminding the board that the next bond issue would be for the 2013/2014 academic year and that it would not be in excess of \$75,000,000, of which \$30 million would be new money to originate RIFEL loans and the remaining would be used to refinance older bonds. Mr. Kelley explained to the board that interest rates are increasing, and have gone up approximately 28 basis points in the past two weeks. Mr. Fesithamel asked if the market is in the right place, will the staff refinance and if not, what happens. Mr. Kelley said that the \$30 million in new money will still be needed to fund the 2013/2014 academic year and will be needed now in order to let the schools know what the rates will be when students start applying for aid. Mr. Kelley indicated that if the market is not in the right place to refinance the older bonds, then that will be possibly delayed.

Upon a motion made by Mr. Howell and seconded by Mr. Fesithamel, it was unanimously

VOTED to approve the Authorizing Bond Resolution with the condition that older bonds be financed if the markets are in the right place to do so.

Action Item #7 – Bond Issue Budget

Mr. Simpson reviewed the bond issuance budget with the board. He stated that Bank of America would be the lead underwriter on the transaction because it was the low bidder. Mr. Feisthamel asked if the

budget would decrease if the transaction were to decrease based on the refinancing of the older bonds. Mr. Kelley explained that fixed costs like bond counsel and rating agency fees would not change, but underwriting fees would decrease if less bonds are issued than authorized by the bond resolution.

Upon a motion made by Mr. Feisthamel and seconded by Mr. Howell it was unanimously

VOTED to approve the bond issue budget.

Action Item #8 – Advertising at Academic Decathlon

Mr. Kelley explained to the board that the staff wouldn't normally bring up specific advertising accounts, but wanted to be upfront considering a board member was a part of the Academic Decathlon. Dr. Croasdale asked what the fee was to join, which is \$500.

Mr. Howell briefly reviewed with the board what the decathlon entails and what the \$53,000 budget covers. He requested the board consider supporting the decathlon with \$2,500.

Dr. Croasdale asked if students at inner city schools could participate in the program. Mr. Howell said that any school could participate and that the Academic Decathlon could waive the school entrance fee on a case by case basis depending on the cost to the school.

Mr. Howell recused himself from any vote taken on the matter.

Upon a motion made by Mr. Feisthamel and seconded by Dr. Croasdale, it was unanimously

VOTED to approve advertising at the Academic Decathlon in an amount not to exceed \$5,000.

Action Item #9 – Resolution of Open Meeting Law Violation

Mr. Palumbo discussed the action taken by the Attorney General resulting from the fact that the notice of the board's June 2012 meeting was posted 24 hours instead of 48 hours in advance of the meeting. Mr. Palumbo stated that no actions were taken at that meeting upon except approval of minutes. The Attorney General's office has agreed to settle the matter for \$1,000 payment by RISLA and Mr. Palumbo recommended that the board authorize the settlement.

Upon a motion made by Mr. Howell and seconded by Mr. Feisthamel it was unanimously

VOTED to settle the Open Meeting Law violation by the payment of \$1,000 to the State.

Chairman's Report

Mr. Kelley highlighted Fitch reaffirming AAA rating for RISLA's 2008 Trust. He also mentioned back in December that S&P upgraded the 2004 Trust to AA. He stated that these ratings help in the sale of bond issues.

Executive Director's Report

(At 9:00 a.m. Ms. Patricia Doyle arrives)

Mr. Kelley informed the board about a new \$2,000 loan forgiveness internship program.

He also discussed school feedback concerning the waiver of 4% upfront fee RISLA charges on a RIFEL loan if the borrower takes an online financial literacy course. Mr. Kelley indicated that currently there is 75% participation.

RISLA Interim Financials

Mr. Simpson reviewed the financials for the month ending November 2012 with the board.

Dr. Croasdale inquired about RISLA's request for a Voluntary Closing Agreement Program (VCAP) with the IRS. Mr. Simpson told the board that the IRS has allowed for a single/combined yield calculation which is very attractive and could potentially help RISLA. Mr. Simpson said that there are other issuers who are under audit with the IRS. Mr. Feisthamel asked why the single yield would help RISLA. Mr. Simpson explained that by combining the negative with the positive, the potential settlement would come down.

Upon a motion made by Dr. Croasdale and seconded by Ms. Doyle it was unanimously

VOTED to adjourn at 9:09 a.m.

John Howell
Secretary